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REMARKS OF WILLIAM J. CASEY
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to

CIA EMPLOYEES

CIA Auditorium

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Good afternoon. I'm glad to be here this afternoon with all of you. As we move into a new fiscal year I thought I'd like to tell you where we are, how we're functioning and where we're headed as I see it.

I've just returned from two weeks visiting [] stations -- []
[] that spreads from
Europe into Asia. In all, I've visited [] stations since I've been in this
job. In each case I've been powerfully impressed by our operations, our
support and our technical people. []

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[] In all, these travels have taken about 6% of my working time here. It isn't restful to hit [] countries in two working weeks plus three weekends, but I find these visits extraordinarily valuable. They make me proud of the people we have out there. They help refine and prioritize their objectives, develop additional support they need, and permit us to better evaluate and use their product back here. Talks on the scene always create a better grasp of reality in assessing intelligence and developing cooperation. []

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Talking to our colleagues during my trips overseas and around the country, I have found morale to be good. I think this can be attributed to an increased interest and value placed on intelligence, a renewed sense of mission, an improved public opinion, greater support at grass roots levels, and strong support from both the Executive and Legislative branches of government.

Overseas service has become more attractive with overseas pay a permanent thing, a stronger dollar, adoption of items contained in the Foreign Service Act, our efforts to improve personal and physical security overseas, and better training of our people prior to overseas assignments.

This Headquarters is an exciting place to be today because the national security apparatus, and economic policymakers as well, are placing a high value on good intelligence, on good analysis and on the versatility and can-do spirit that characterizes this organization. We can all take satisfaction in the knowledge that we are meeting the needs of the policymakers and that they are reciprocating by funding improvements for us in the face of tight fiscal pressure.

I see as my basic job to determine what it is that we need to know and understand, to see that the existing collection and analytical capabilities are focused on those subjects, and to develop any additional capabilities necessary to deal more fully with existing intelligence needs and with others likely to emerge.

To determine what it is we need to know is the starting point. This requires a close working relationship with the decisionmaking apparatus. For most of the last decade the formal mechanism for that has been an annually

prepared and agreed list of key intelligence topics produced in an inter-agency process under the auspices of the National Security Council. That exercise had become rather static and sterile and we have supplemented it with a review every three months to evaluate the actual intelligence production related to those key topics and to define the additional collection and analysis still needed on those topics.

Probably more important in determining our intelligence needs are informal exchanges with decisionmakers. Every day, a CIA briefer reviews the President's Daily Brief and significant last minute reports with the Vice President, the Secretary of State, the Secretary of Defense, and the President's National Security Advisor. At about 11 a.m., the briefers come in to review with me the reactions and interests expressed in the briefing. We discuss the next day's brief and additional collection, analyses or estimates that may be indicated. That daily playback is supplemented by meetings of the National Security Council and the National Security Planning Group, which the President almost always chairs, and by weekly meetings which I and John McMahon have with Secretary Shultz, Secretary Weinberger and Judge Clark.

This whole vast process of collection and analysis culminates in the program of national estimates. It is the scope, the adequacy, the pertinence, and the timeliness of those estimates in relation to the threats we face and the needs of decisionmakers that ultimately determine how well we are doing our job. You've heard Admiral Inman describe how the 50% drawdown in funding and the 40% drawdown in personnel during the seventies required the concentration of dwindling resources on the most devastating threats and led to the neglect of many other areas of concern.

This showed up most vividly in the national estimates which dwindled from an annual average of 51 in the late 60s, down to 33 in the early 70s and all the way down to an annual average of 12 in the 6 years from 1975 through 1980. During 1981 we did 38 national estimates and we will do 60 or more during 1982.

The real value of this sharply increased number of estimates turns on their timeliness, relevance and quality. As to timeliness, we haven't matched the starting pace of General Bedell Smith. When he was sworn in as DCI, he was told that President Truman was leaving the next day to confer with General MacArthur at Wake Island and wanted to take with him national estimates on seven subjects. He called the members of the then counterpart of the National Foreign Intelligence Board to his Pentagon office at 4 p.m. and told them to bring along their papers and experts and be prepared to spend the night. He parceled out the subjects to each of seven principals with appropriate advisors and announced that he would expect an estimate to be on his desk early the next morning. When President Truman flew off to Wake Island that afternoon, he had the seven estimates to ponder on the plane. Perhaps things were simpler and more clear cut in those days. We haven't found it necessary to match that pace but we have turned out significant and urgent estimates in a few days and one very complex and critical estimate in a week.

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[redacted] and most other subjects, national estimates were on the table. We've had a lot of catching up to do. We have completed or have in progress estimates on important and pressing issues which have not been done in years, sometimes in a decade. New ground has been broken with first-time estimates on [redacted]

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Most of you know that we have instituted a new fast track system that can produce estimates on issues coming up for policy decision very quickly. Perhaps more important, we have taken steps to assure standards of integrity and objectivity, accuracy and independence, as well as relevance and timeliness to the national estimate process. The chiefs of the various components of the Intelligence Community -- DIA, NSA, State's INR, Army, Navy, Air Force, Marine Corps, Treasury, FBI, Energy -- sit on the National Foreign Intelligence Board and function as a Board of Estimates. Each chief at the table is charged with seeing that the information and the judgments coming out of his organization are reflected in the estimate. I'm responsible for the estimate but I charge myself to see that all significant and substantiated judgments in the Community are reflected so that in policy formulation and decisionmaking the full range of intelligence judgments in the Community is on the table. I believe this process has done a great deal to develop a new spirit of constructive collaboration among the components of the Intelligence Community.

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The strengthening and extension of our capabilities is being encouraged and strongly supported. We have a completed comprehensive review of the intelligence challenges we see for the rest of the decade, the adequacy of our current collection and analytical capabilities to meet them and what it will take to overcome the inadequacies. We have recently completed a similar review of hostile intelligence threats, our present ability to counter them and the additional countermeasure capabilities needed.

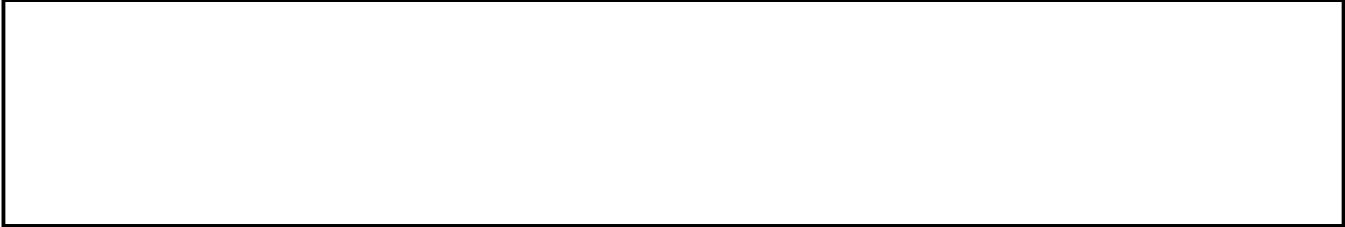
Although we are sometimes severely pressed as the new missions assigned us require carrying increasing activities and rebuilding at the same time, we are still managing to do the job. This has required many of you to put in longer hours, many have given up leave and undertaken extensive TDYs. We will remedy this as we rebuild. Right now the load is lightened by several hundred retirees working with us on contract.

As we move into Fiscal '83, our budget has increased percent. The actual real growth in light of inflation will be over half of that. We ended FY '82 with personnel above our '82 ceiling--this was approved by OMB and Congress which demonstrates their support for the Agency's programs. We have just completed OMB hearings for our '84 budget and are encouraged with expected further growth in Agency programs.

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and continuing education. These efforts are being supported by improvements in automated data systems to provide support to analysts and in building and maintaining expanded and improved data bases.

Initial efforts in the development of the SAFE system were disappointing but we believe we have turned the corner. I have redirected this program to provide an initial capability to screen, sift and store reports for at least 300 analysts starting in March '83.

A major upgrading of our technical collection instruments and of our ability to process and interpret the data they collect will be showing results this year and be completed in 1986.

We are investing significant funds in our Office of Communications to upgrade our domestic and foreign communications networks. Our training staff and facilities, as we rebuild, are expanding and require additional resources. As we expand, new challenges will be faced by our Offices of Medical Services, Security, and Personnel. They performed yeoman work during the last fiscal year as we processed and entered on duty over 50 percent more personnel than in the prior fiscal year.

Thus, you see, there are new and immense challenges for every element and every individual in this Agency.

In this rebuilding process, we've gone public in our recruiting. I was hesitant but I now believe it to be a very good thing. We get a quarter of a million letters and telephone inquiries a year. It's an open and widely known fact that there is a broad spectrum of opportunities for honorable, satisfying and rewarding careers in the CIA. That by itself is a good thing.

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[REDACTED]

[REDACTED] So, we're bringing on the new people we need while maintaining a high standard of selectivity. When they come in we intend to test their ability to meet high standards of performance early on and impose responsibility as rapidly as possible.

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One of the things we must work toward is moving our people back into Headquarters. Today we are housed in [REDACTED] locations in the metropolitan area. This is an inefficient and costly way of doing business and requires duplication of extremely scarce resources. [REDACTED]

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[REDACTED] Beyond that, we are planning for a new building here on this campus. We have obtained approval by the National Capital Planning Commission, the Fairfax Supervisors, and have the concurrence of local interest groups. We appear to have Congressional support and we have selected an architectural and engineering firm to design the new building during this year. I am seeking funds in the '84 budget for construction of the new building.

How are we gearing ourselves to carry forward a long-term rebuilding and at the same time handle the new pressures we face right now [REDACTED]

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One of my prime objectives has been to get better mutual support among the components of the Intelligence Community and between the Directorates and the offices of the CIA. The Defense Intelligence Agency and INR at State are carrying as much as one-third of the drafting of the expanded estimates program. Monthly warning meetings did not yield a close enough watch and they are now supplemented by a watch meeting every Thursday in which the chief of our Intelligence Directorate meets with the chiefs of DIA, State/INR, and NSA to provide the President with a weekly watch report on Friday morning. One of my special interests of late has been to energize analysts to actively and regularly specify information gaps their analytical work points up. We need this to assure that our extensive technical and human collection abilities are driven primarily by the intelligence needs of analysts and decisionmakers rather than by our collection capabilities. We need more analyst tasking of the clandestine service and more contributions from field stations to analytical products. DDI use of DDO reporting is up [] and DDO reports are up [] over last year. In every crisis we've had and every hot spot from Namibia to Poland, from the Falklands to Central America and Lebanon, the

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Operational Directorate and its stations, the Intelligence Directorate and the Science and Technology Directorate have been intimately involved in a mutually supportive way, and the DDA has supported all of them. Throughout the Agency, high quality performance from each and every segment is critical to the performance which the government and the national interest requires from intelligence and this is a challenge to every person here. Security, for example, which is so essential to meeting our responsibility, depends not only on the vigilance of the security office but also on the attention and discipline of each one of us.

Just because we have large needs and have thus far enjoyed generous support, we need to prune wasteful, uneconomic or unproductive activity. I have tasked our managers, in accordance with Administration directives, to search areas where we may reduce waste and perform our jobs more efficiently and economically. Significant savings have been realized by use of Government Travel Requests whenever feasible. Automation has significantly reduced overtime costs and improved efficiency and production in some areas. Through investments in capital equipment, we have been able to both increase efficiency and improve our responsiveness in a variety of ways -- as an example we have increased our computing power three times in the last four years. I would encourage each of you to make use of the Suggestion Awards Program to help us further improve the cost effectiveness of operating our Agency.

In analysis we cannot tolerate reluctance to entertain alternative interpretations or controversial views, defensiveness against outside criticism or failure to lean forward and be specific about future trends, intentions and alternative scenarios. In all our activities we cannot accept mediocre

performance, lack of realism or failure to apply rigorous standards of review and quality control. We are not prepared to apply scarce talent and resources to projects of marginal value or interest to the policy community and this has led to a certain amount of pruning and focusing of our research, development and operational activities.

We are looking for outside input, challenge and criticism of our work. Some 65 conferences and seminars bringing in experts from academia, think tanks and business are scheduled for the fourth quarter of 1982. Our outside contract research is broadening in scope. Work in the weapons area dropped from 80 percent in 1980 to 57 percent in 1981 to make room for more outside political, economic and strategic research.

In conclusion, let me say again that I appreciate what all of you have done to get as far as we have. I know you will meet the additional challenges ahead as I've tried to outline today and recognize new ones as they emerge.

Now I'll be glad to try to answer your questions and comment on any additional subjects you'd like to suggest.